GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4381
ANSWERED ON:19.04.2002
SHARES OF MULTINATIONAL COMPANIES
SHIVRAJ SINGH CHOUHAN;VIJAY KUMAR KHANDELWAL

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have granted permission to multinational companies for increasing their shares in Indian companies promoted by them;

(b) if so, the terms and conditions fixed for this purpose and procedure/criteria adopted for determining the price to be paid for these additional shares;

(c) whether in some cases the set prices of shares are less than the market price;

(d) if so, the reasons therefor; and

(e) the action taken/proposed to be taken by the Government in this regard?

Answer

Minister of State in the Ministry of Finance (Balasaheb Vikhe Patil)

(a): A total number of 1811 proposals amounting to Rs.42560.37 crore for increase in equity have been approved till February, 2002.

(b) to (e): The proposals for increase in foreign equity percentage in an existing company are considered in accordance with the prevalent FDI policy, including sectoral caps, provided the proposal is supported by the Board Resolution of the existing Indian company and also declaration under Press Note No.18 of 1998, wherever applicable. Valuation of shares is always subjected to SEBI/RBI`s pricing norms.